



Ambassador Robert D. McCallum's Remarks to National Party Conference

National Press Club, Canberra

14 October 2006

Opening

Mr. Deputy Prime Minister, Members of both the State and Federal Parliaments, conference delegates and distinguished guests:

I am very pleased to be here today to address the National Party of Australia's Federal Conference International Breakfast.

My wife Mimi is with me today, and she is just as pleased as I am to be here. We arrived in Australia a little over a month ago, and we have been traveling the length and breadth of your remarkable country to introduce ourselves to the people of Australia. I would like to thank the conference organizers and Deputy Prime Minister and Nationals Leader the Hon. Mark Vaile for allowing me to address this conference as it allows me to dispel the persistent rumor that the United States has no Ambassador in Australia. Let me assure you that I am here, in the flesh and on the ground running hard. To borrow a phrase from the great inaugural address of President John F. Kennedy, let the word go forth from this time and place that the torch has been passed to a new ambassador, and I am enthusiastically embracing that important responsibility.

I want to acknowledge on behalf of the United States Mark Vaile's extraordinary contribution and leadership in strengthening the bilateral trade ties between our two

countries over the past seven years in his previous capacity as Minister for Trade. Mark not only played a central role in bringing about the historic Australia/US Free Trade Agreement, but he was also a key participant in crucial efforts to keep the Doha Round WTO negotiations alive. At the same time, I would like to express to his successor as Trade Minister, Warren Truss, that the United States is looking forward to working together with you on our continuing trade matters such as FTA implementation, WTO/Doha, and APEC.

I want to discuss with you today two things that have been on my mind lately. First, I like to touch on the extremely disturbing, recent events in North Korea which serve to remind us all that the U.S.-Australia Alliance remains vital for both our countries. Second, I want to discuss briefly our commercial, financial, and trade relationships, especially the Free Trade Agreement, which are important not only to both our countries but also provide economic activity that will improve the prosperity and stability of the entire East Asian Pacific region.

The Korean Connection

With respect to North Korea, our two countries have a long history of national security concerns arising from events on the Korean peninsula, and you may not even be aware that your party has played a key role in that history. In preparing to meet with you today, I discovered that we in the United States owe a great deal to an important leader of your party at a time when The Nationals were still called the Country Party. Sir Arthur Fadden, then Country Party leader and Treasurer under Prime Minister Menzies, made a courageous decision, while Menzies was incommunicado aboard the Queen Mary en

route to New York in July 1950, to commit ground troops to assist the multinational forces aiding South Korea after North Korea invaded across the 38th parallel in June of that year. Prime Minister Menzies, who had earlier opposed deploying troops to South Korea, not surprisingly took credit for the decision when he arrived to a hero's welcome in the United States, where he dined with President Truman at the White House, spoke to the National Press Club, and addressed both Houses of Congress.

I mention this anecdote not to suggest just how much one can get away with when the boss is out of town...but rather to demonstrate the pivotal role the Nationals have played and continue to play in alliance with other parties in Australia's vibrant democracy.

Ironically, fifty-six years later, the reckless actions of North Korea have again captured headlines around the world. In defiance of the international community, North Korea has conducted what it claims was a nuclear test, threatening regional and international peace and security.

The United States is working with other UN member countries including Australia in support of a strong, Chapter VII UN Security Council resolution to condemn North Korea's provocative behavior, and demand that it abandon its nuclear and missile programs. The North Koreans must heed the virtually unanimous opposition of the world community and end its threat to global security by returning to the Six-Party Talks, by implementing the provisions of the Joint Statement that it agreed to with the other Six-Party members states in September 2005, and by respecting the obligations of the parties

to the Nuclear Nonproliferation Treaty and the International Atomic Energy safeguards regime. As Assistant Secretary Chris Hill put it very succinctly the other day, North Korea “can have a future or it can have these weapons. It cannot have both.”

North Korea’s latest provocation, like its invasion of South Korea in 1950, reminds us that Australia and the United States share important political and cultural values and strategic interests, including a commitment to democracy and freedom, to individual rights and individual dignity, to tolerance, to openness, and, not least, to preventing the proliferation of weapons of mass destruction and their delivery systems.

The United States and Australia have forthrightly confronted threats to these values, militarily when circumstances required – such as in both World Wars, the Korean conflict, Vietnam, and the Middle East; and politically and diplomatically, such as during the Cold War and in the current multilateral responses to proliferators Iran and North Korea. Our willingness to jointly confront these threats is the very foundation of our Alliance.

After the terrorist attacks in New York and Washington on September 11, Australia did not hesitate to invoke Article IV of the ANZUS Treaty. And here I want to acknowledge another distinguished leader of the Nationals, John Anderson, who was the Acting Prime Minister on 9/11 while Prime Minister Howard was visiting the United States. As Acting PM, he acted swiftly to institute special security measures to safeguard government facilities and foreign embassies in Australia, including our own. My Deputy, Mike Owens, who was Chargé then, has told me of the outstanding support our

diplomatic mission enjoyed during those initial difficult days. The United States was grateful for that support, both then and now.

My point is that the transnational or global nature of many of the threats we face today – from terrorism to nuclear weapon proliferation, from poor governance and poverty to pandemics and natural disasters – mean that our Alliance is more important than ever. We cannot afford to ignore these threats; neither can we counter them effectively alone. Moreover, our globally interconnected economic, political, trade, and energy systems mean that no countries are immune from these broad threats. Our alliance is a most important guarantor of continuing security and prosperity for our two nations.

Some have argued that the Alliance makes Australia less safe, less secure, and only serves to increase the likelihood that Australia will be a target of terrorists in the future. That assumption is completely false – Australia and the United States are each strengthened by our alliance, not weakened by it. To believe that terrorists will leave any nation and its citizens alone if that nation chooses to distance itself from those who would confront the terrorists is completely misguided – rather it increases one's vulnerability to intimidation and exploitation. Such a nation will not avoid terrorist violence but had rather succumbed to it and emboldened the terrorists.

As Prime Minister Howard accurately expressed it, “terrorism represents a threat to this country, not because of what we have done but because of what we are and who we are and what we stand for.”

In fact, we are making progress in the war against terrorism. Our joint counterterrorism efforts, bolstered by intelligence sharing, has foiled terrorist attacks around the globe and led to hundreds of arrests and convictions. Both Afghanistan, once a haven for al Qaeda under the iron grip of the Taliban, and Iraq, formerly under a ruthless dictator, now have constitutions, democratically-elected leaders, parliaments and provincial councils, and are developing military and police forces that will allow them to defeat terrorists and assume responsibility for their own security.

No one denies that we face formidable challenges ahead. But I am reminded that we faced dark days in early 1950, too, as we dealt with the invasion of the South Korea by communist forces. Both our nations experienced domestic controversy about sending troops to the Korean peninsula. We stood together then – it was not easy, but we knew it was the right thing to do. The result 50 years later is a strong, democratic, and prosperous South Korea, an ally and friend, whose Foreign Minister is poised to become the next Secretary General of the United Nations.

I am confident that 50 years from now we will look back on the Global War on Terror, recalling that our two nations took difficult and courageous steps to confront a common enemy, and history will establish that it was the right thing to do based upon the results of peace and stability in those new and emerging democracies around the globe.

Our Economic Relationship - the FTA and Beyond

Turning to my second point, a critical priority for my tenure as Ambassador is to build on the robust economic relationship between our two countries. The United States

is Australia's third largest trading partner and just as the US is the largest foreign investor in Australia, the U.S. is the largest destination for Australian foreign investment.

The U.S. - Australia Free Trade Agreement presents tremendous potential for both the United States and Australia in terms of increased trade and better, less expensive goods and services to consumers. It also affords the potential for increased economic prosperity in the entire region, and the beneficial consequences of that for other nations in the East Asia-Pacific Island theatre.

The Free Trade Agreement with Australia was ratified by the U.S. Congress with more support than any other trade agreement to date. I believe that support for the FTA with Australia reflects the incredibly strong support for the U.S.-Australia relationship across the board.

The US-Australia Free Trade Agreement provides Australian suppliers greater access to the US market, and we are the largest importer, the largest consumer of goods and services, and the largest investor in the world. Perhaps more importantly, the FTA allows Australian companies to compete on a level playing field in the 200 billion plus U.S. dollar U.S. Government procurement market. That is an important opportunity -- if we were to establish an independent country called, "US Government Procurement," it would be one of the ten largest economies in the world. I understand Australian firms sold over 93 million dollars worth in this new market in 2005, and you can expect that figure to grow as Australian firms become more adept at working with federal and state procurement agencies in the U.S.

It is obvious that the Free Trade Agreement is working and has resulted in increased trade for both sides. The latest figures that we have – for the first seven months

of this year – indicate that while US exports have grown by close to 8 percent over the same period last year, Australia’s exports to the US have increased by nearly 9.5 percent over the same period. Over 7300 Australian business have the US as an export market, and the percentage of small and medium-sized Australian business that export to the US has grown from 19% in August, 2004 to 36% in February, 2006. The FTA’s first Joint Committee meeting was held in Washington in March of this year and the next session is tentatively scheduled for June 2007 in Australia.

The Free Trade Agreement also serves as a platform that provokes activity in other areas that can have an impact on trade. For instance, the FTA did not address immigration issues; FTAs never cover those issues. However, at the conclusion of the FTA, the U.S. Congress established a special visa -- the “E-3” visa – specifically for Australian workers, their spouses, and families, to allow Australians to live and work in the U.S. The legislation allows for 10,500 E-3 visas to be issued each year. I am confident that measures such as the E-3 visa will facilitate increased trade and investment, and closer ties between Americans and Australians in general.

The strength of our bilateral relationship extends beyond the scope of our bilateral FTA to working together at the Doha Round of WTO negotiations and upcoming meetings of the G-20 in Melbourne and APEC in 2007.

Just last month, I was in Cairns for the meeting of the Cairns Group that drew both the US Trade Representative Ambassador Susan Schwab and the US Secretary of Agriculture Mike Johanns. At that meeting, our lead US WTO negotiators welcomed Australia’s efforts to keep the Doha Round negotiations alive and they clearly stated the

willingness of the U.S. to go beyond its present ambitious WTO offer in order to get to a positive result as long as the EU, Japan, Brazil, India, and other key players agree to seek an ambitious outcome that delivers real increased trade flows that will benefit all nations in the WTO.

Looking forward, the G-20 will be meeting here in Melbourne in November and I am pleased that the US delegation will be headed by Deputy Treasury Secretary Robert Kimmit. This meeting will be yet another forum in which the U.S. will be working closely with Australian policy makers to encourage the adoption of best practices for macro economic policy decision makers. And next year, we will be working at the highest levels of government with Australia, as they host APEC, to ensure that APEC remains the preeminent regional economic organization in the Asia Pacific region.

Closing

Again, Mimi and I thank you for giving us this opportunity today to share my views and introduce ourselves to the National Party. We are very grateful for the wonderful hospitality and welcome that we have been afforded across Australia. We wish you the best with your work over your remaining days here at Federal Conference, and Mimi and I will look forward to other opportunities to interact with you in the future.